

Business Standard

'Interim injunction restrains 2 FIIs from voting in Tamilnad bank's AGM'

Robert & Ardis James Company and Sub Continental Equities restricted from voting, an advocate has said

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Days before the long-pending annual general meeting (AGM) of Thoothukudi-based Tamilnad Mercantile Bank (TMB), the Principal Subordinate Judge Court at Vellore has issued an interim order restraining two Mauritius-based foreign institutional investors (FIIs) from casting votes in the AGM, an advocate has said .

The AGM was scheduled to be held on January 29 at Thoothukudi.

Almost 24% of the total shares in the bank are held by around ten FIIs. The total voting rights, which are refrained from casting votes, under the interim order, are around 9.6%, sources have said.

TMB's MD & CEO was not available for comment immediately.

According to SV Sampathkumar, counsel for M V D Ramiah, a shareholder, his client filed a suit against TMB, National Securities Depository Ltd and Mauritius-based firms Robert &

Ardis James Company Ltd and the Sub Continental Equities Ltd, seeking the Court to declare the transaction of shares from the previous account holders to the FIIs in the suit as null and void and for permanent injunction restraining them from casting votes in the AGM of TMB.

He also filed an interim application against the said FIIs from casting votes in the AGM to be held on January 29, 2016. "...the Honorable Court was pleased to grant interim injunction against No.3 and No. 4 of you restraining from casting votes in Annual General Meeting dated 29-01-2016, voting for which will be held on 26-01-2016 to 29-01-2016," said a letter from the counsel to the four respondents.

The two FIIs should not be allowed by TMB and NSDL to cast vote, by e-voting or other means during the period, failing which his client would take contempt proceedings against all the parties, added the letter. According to the letter, Sub Continental Equities Ltd has purchased 13,209 shares in TMB from Katra Holdings Ltd , a company which has been promoted by former Pepsico India head Ramesh Vangal and RST Ltd, and the Robert & Ardis James bought 14,080 shares of TMB from GHI Ltd, which claims to be associated with Rajat Gupta.

The petitioner has sought the Court to direct these purchases as null and void. Further hearing of the case is expected to take place in the first week of February, by when the FIIs are asked to appear before the court, added the counsel. As per earlier reports, the FIIs bought stake from businessman C Sivasankaran, who in turn acquired stake when Essar Group sold their stake in the bank.

The transaction to FIIs has also attracted a show-cause notice from the Enforcement Directorate to Tamilnad Mercantile Bank (TMB) and Standard Chartered Bank, among others, for contravention of the Foreign Exchange Management Act (Fema) 1999. Sources close to the Bank said that it has 2.8 lakh shares, and for each shares of a face value of Rs 10, the book value is around Rs 91,000 and the ongoing price in the market is around Rs 70,000 per share.

The AGM is expected to decide on issuing bonus shares of 500 shares to every share in the company and to offer a dividend of Rs 2,350 for every share with face value of Rs 10.

These measures are expected to help to enhance the capital and bring down the valuations to make the Bank ready for public listing, to bring in transparency. The bank is all set to hold six AGMs on January 29, 2016 due to the five years in between that didn't see an AGM.

Some of the important proposals including the bank's initial public offering plans were held back since the bank could not hold its annual general meeting (AGM). Bank caught in a legal battles, which are fought by its shareholders at various Courts.

As reported earlier, the 94-year old Thoothkudi-based bank held its 87th AGM on in January 2010. The 88th AGM was scheduled to be held on June 15, 2011. The same was injuncted by order of the Madras High Court. The court has later vacated the said order of injunction and directed the bank to convene and hold all the six AGMs, 88th to 93rd AGM, on a single day within 70 days from the date of the order of the court.